

IN THE MATTER OF
INTEREST ARBITRATION
BETWEEN
INTERNATIONAL ASSOCIATION OF
FIREFIGHTERS, LOCAL 271,
Union,
and
CITY OF MISSOULA, MONTANA,
City.

ARBITRATOR'S OPINION
AND AWARD
1987 INTEREST ARBITRATION

HEARING SITE:

City Hall
Missoula, Montana

HEARING DATE:

February 17, 1987

POSTHEARING BRIEFS:

None

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BACKGROUND

The current contract covers the period from August 15, 1985 to August 14, 1987. Pursuant to Article XXV, the contract was reopened for 1986-87 on Article VI, Compensation and Article VII, Health and Dental. Collective bargaining and mediation failed to resolve the conflict over the two contract articles in dispute. Under Article XXV the parties submitted their final offers to each other in December, 1986. In accordance with Article XXV, the two issues were submitted to binding interest arbitration for resolution.

Article XXV requires the Arbitrator select from one of the final offers as written by the parties. This procedure does not allow the Arbitrator to modify or change the proposal in any manner. A question was raised at the hearing by the Arbitrator of whether or not he was required by the contract to select the entire package submitted by either side or could the Arbitrator award on an issue by issue basis. The City maintained the Arbitrator had to select the entire package of one side or the other. It was the position of the Union that the Arbitrator could find for the Union on wages and the City on insurance or vice-versa.

The parties stipulated this was an issue this Arbitrator could resolve. The critical language reads:

"With respect to each remaining item, the arbitrator's award shall be restricted to the final offers on each unresolved issue submitted by the parties hereto within fifteen (15) days after its meeting the most reasonable offer, in its judgement,

of the final offers on each unresolved issue submitted by the parties.

The determination of the arbitrator shall be final and binding on both parties." (Emphasis added).

The language restricts the award "to the final offers on each unresolved issue." The language does not state the arbitrator is restricted to selecting the entire package of final offers submitted by one side or the other. Based on this express language, the Arbitrator concludes that as long as he selects from the final offers submitted, there is no contractual obligation to award the entire package included in the final offer of either party.

A hearing was held at which time both parties were given the full and complete opportunity to present documentary evidence and oral testimony and argument in support of their respective positions. Hearing briefs were furnished to the Arbitrator on the day of the hearing. The parties chose not to file written posthearing briefs.

The parties referred the Arbitrator to M.C.A. 39-34-103 (4) and (5) for the criteria to be applied in resolving this dispute. The statute reads as follows:

"(4) The arbitrator shall make a just and reasonable determination which final position on matters in dispute will be adopted within 30 days of the commencement of the arbitration proceedings. The arbitrator shall notify the board of personnel appeals and the parties, in writing, of his determination.

(5) In arriving at a determination, the arbitrator shall consider any relevant circumstances including:

(a) comparison of hours, wages, and conditions of employment of the employees involved with employees performing similar services and with other services generally;

(b) the interests and welfare of the public and the financial ability of the public employer to pay;

(c) appropriate cost-of-living indices;

(d) any other factors traditionally considered in the determination of hours, wages, and conditions of employment.

(6) the determination of the arbitrator is final and binding and is not subject to the approval of any governing body."

In formulating this award, the Arbitrator considered the evidence submitted at the hearing in light of the statutory criteria. By way of stipulation, the parties agreed to waive the 15 day limit in which the Arbitrator is required to issue an oral notification of his findings and award under Article XXV.

The two issues submitted to the interest Arbitrator for final and binding award by the parties are as follows:

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ISSUE 1: Wages

The Union represents 54 firefighters employed by the City of Missoula. The City has a population of 33,027. Fire protection is provided for the downtown commercial, industrial and residential areas of the City. The surrounding metropolitan area of Missoula is served by the Missoula Rural fire department which is substantially a volunteer organization. The City serves as the business center of Missoula County which has a population of 76,016. The largest employer in the area is the timber and wood products industry. The 1986-87 budget for fire protection was approximately \$1,200,000. The total general fund budget for 1986-87 is \$9,303,344.

1. Union's Last and Best Offer

"ARTICLE VI - COMPENSATION

Local 271 asks that the following changes be made in Article VI - Compensation.

WAGE INCREASE

Local 271 asks that 3.0% of the average monthly bargaining unit salary be added to Pay Grade One, Step A, and computed throughout the schedule, effective June 16, 1987."

By adopting this proposal effective June 16, 1987, the 3% increase would be effective for two months of the 1986-87 contract year. The 1985-87 contract terminates on August 14, 1987. The total increased salary cost to the City for the two month period would be approximately \$6,032.

It is the position of the Union that Missoula firefighters are paid substandard wages when compared to their peers.

Cities in Montana of 10,000 or more people are characterized as "first class cities." The Union selected Butte/Silverbow County, Great Falls, Anaconda, Kalispell, Helena, Billings and Bozeman for purposes of comparison. The number of firefighters employed in those cities ranges from 9 in Anaconda to 90 in Billings. Missoula Rural Fire Department was not included in the comparison because it is largely a volunteer organization and serves a rural population base.

The Union also made its comparison on the basis of monthly salary received by firefighters in the other seven jurisdictions. From the viewpoint of the Union, monthly salary received is the most significant and accepted measure of compensation. The Union used the confirmed firefighter classification as the wage level to make their comparison study because all of the cities have this classification. The study revealed as follows"

<u>"City</u>	<u>Monthly Salary</u>
Butte/SB	\$ 1,761.87
Helena	\$ 1,749.00
Great Falls	\$ 1,738.00
Kalispell	\$ 1,687.50
Anaconda	\$ 1,637.80
Bozeman	\$ 1,634.00
Billings	\$ 1,618.00
Missoula	\$ 1,587.00"

(Union Ex. L, p. 1).

The Union notes that a variety of other types of premium pay are available to firefighters in the other cities such as EMT certification and engineers/driver operator compensation.

Missoula firefighters receive no premium pay for EMT certification or for driving the equipment.

Adoption of the Union proposal would yield a monthly salary at the confirmed firefighter classification to what the Union sees as a comparable salary. With the increase the wages would compare as follows:

"Butte/SB	\$	1,761
Helena	\$	1,749
Great Falls	\$	1,738
Kalispell	\$	1,687
Missoula	\$	1,642
Anaconda	\$	1,637
Bozeman	\$	1,634
Billings	\$	1,618"

(Union Ex. L, p. 2).

The Union also submitted a comparison done by taking three Missoula firefighters in different classifications and experience levels and comparing them with firefighters in the same classifications in the seven other Montana cities. The study revealed the following:

	"TOM STEENBERG FIREFIGHTER EMT 3 YEARS SERVICE	GARY WATSON FIREFIGHTER FIRST CLASS EMT 9 YEARS SERVICE	ROBERT W. STAGE CAPTAIN 18 YEARS SERVICE
CITY:			
BUTTE/S.B.	\$1,836.87	\$1,881.87	\$2,054.00
HELENA	\$1,817.00	\$2,031.00	\$2,163.00
GREAT FALLS	\$1,803.00	\$2,048.00	\$2,183.50
BILLINGS	\$1,795.00	\$1,893.00	\$2,122.50
BOZEMAN	\$1,736.00	\$1,833.00	\$1,999.00
KALISPELL	\$1,730.50	\$1,797.38	\$1,866.64

ANACONDA	\$1,652.80	\$1,722.80	\$1,815.30
MISSOULA	\$1,622.00	\$1,783.50	\$2,010.00
AVE:	\$1,749.15	\$1,873.57	\$2,026.74"

(Union Ex. P, p. 1).

The Union concludes this data demonstrates how poorly members of this unit are paid when compared to their colleagues in other Montana cities.

The Union contends the Arbitrator should reject the wage freeze proposed by the City. If the Arbitrator awards a wage freeze, it will guarantee that Missoula firefighters will remain among the lowest paid in the State on Montana. Only Bozeman which is non-union would rank lower in all the first class cities.

Regarding productivity, the Union maintains the City had the greatest number of fire calls and the lowest cost per call among the comparison cities. In addition, members of this unit have seen a 28% increase in calls per firefighter from 1981-86. It is the position of the Union that the Department has been seriously undermanned for many years. The recent hiring of five new firefighters to improve the staffing level should not be used as an excuse to freeze wages. Thus, the Union submits this unit is a productive and efficient group of employees who deserve a modest pay increase.

The Union also maintains that when compared to the increases in the cost of living as measured by the Consumer Price Index (CPI), firefighters have received insufficient raises over

the last 6 years. While the CPI has gone up 17.59% since 1981, firefighter wages have increased by only 16.42%. Assuming a 2.5% to 3.59% increase in the July, 1986 to July, 1987 CPI, a 3% salary increase is necessary to keep this group even with the higher cost of living.

Based on an internal comparison, the Union asserts that firefighters have received increases of around 11% while other City workers have exceeded 15% over the past 6 years. A 3% increase is seen by the Union as closing the gap between increases for other City workers and firefighters. (Union Ex. Y). Likewise, the Union argues firefighters have received smaller increases and earned significantly less than other blue collar workers in the Missoula area. (Union Ex. Z).

The Union claims the City can afford the \$6,000 cost of a 3% raise effective June 16, 1987. In other words, to argue inability to pay a \$6,000 increase out of a total City budget of \$9,303,344 is ludicrous according to the Union. Where the wages are substandard, as they are in this case, the Union submits the ability to pay factor becomes secondary.

With respect to the public interest, the Union contends that low wages hinder the ability to attract and retain qualified and enthusiastic young recruits. The Union concludes that it would not be in the public interest to jeopardize the professionalism and dedication of these employees with a substandard wage. For all of the above stated reasons, the Union submits

the increase proposed by the Union is reasonable and should be awarded by this Arbitrator.

2. City's Last and Best Offer

"ART. VI COMPENSATION. The City proposed a wage freeze for the remaining term of the existing contract as specified in Appendix a of the existing agreement. Longevity increases will continue as shown in Appendix A."

The City takes the position that except for the previously negotiated longevity increase wages should be frozen at their 1985-86 levels for 1986-87. Because of projected and realized loss of revenues for FY87 (July 1, 1986 to June 30, 1987), the Council adopted a FY87 budget which included a wage freeze for all City employees. All employees and elected officials, both union and non-union have agreed to a wage freeze with the exception of longevity increases. It is the position of the City a wage freeze is also in order for the firefighters because of their already high rate of pay.

The City maintains it does not have the ability to fund the wage increase proposed by the Union. In the short run the City sees the loss of federal revenue sharing, the federal deficit, the State of Montana's substantial budget deficit and a statewide voter approved property tax freeze as having a negative impact on the City's ability to fund a wage increase for City employees. According to the City, there is a "taxpayer" revolt in Montana which will deny the City the ability to raise revenues to fund wage increases.

Moreover, the City argues the "dismal" state of the economy in Montana and Missoula justify a wage freeze for 1986-87. The City points to the sharp reduction in State monies due to sagging oil prices. Local timber and wood products workers took substantial pay cuts as the result of problems in the lumber industry. Falling state revenues resulted in the loss of 773 positions state-wide. Because taxpayers have suffered due to difficult economic times, the City concludes citizens are unwilling to fund a pay increase for municipal employees.

The City also maintains its financial position is not anticipated to improve in FY88. According to the City, the June 16, 1987 effective date of the increase proposed by the Union would violate the FY87 wage freeze adopted by the City Council because some of the wages would be paid from the FY88 budget although earned in FY87. The City reasons that once the budget is adopted, salaries cannot be increased above the amount appropriated.

With respect to a salary increase for firefighters, the City believes it will be viewed as a floor for negotiating increases for all City employees, not just firefighters. Adoption of the 3% increase requested by the firefighters translates into a cost increase of \$182,462. In the view of the City, "There is no reason or justification for allowing only City firefighters among City employees to receive a wage increase." Therefore, the City submits it would be highly irresponsible to

be precommitted to wage increase expenditures for FY88 in light of projected economic difficulties for FY88.

A major concern of the City is the outcome of legislative issues and their impact on Missoula. By virtue of legislative uncertainties at this time, the City alleges any wage increases should be delayed until the next round of bargaining when the outcome of the 1987 Montana legislative session and its impact on Missoula would be known.

With respect to wage comparisons, the City takes a entirely different approach than the Union. The City made a wage comparison by computing an hourly wage for firefighters in first class cities in Montana. The City study concluded:

"Table #1

Hourly compensation comparisons with I.A.F.F Local 271 and average for other Class I cities in Montana.

	Average Hrly.Comp. for Fire Dept. in Class I Cities <u>in Montana*</u>	Average Hrly.Comp. for Missoula City Fire <u>Department*</u>
1st. Yr. Firefighter	\$9.41 per hour	\$9.89
5th. Yr. Firefighter	\$10.29	\$10.57
Captain - 10 Yrs.	\$11.41	\$11.89

* The hourly compensation figure includes: The annual base salary, longevity increases, annual clothing allowance, annual medical benefits insurance premiums paid by the City divided by the total number of hours worked."

Thus, it was the conclusion of the City that firefighters in this unit are paid above average when compared on an hourly basis.

The City also did a comparison study with three other northwestern cities. The results of the study produced the following data:

	Napa, Id.	Vancouver, WA.	Corvallis, Or.	Missoula
Population	25,000	43,000	41,000	33,388
1st Yr. Firefighter	5.69/hr	10.07/hr.	7.79/hr.	9.89/hr.
5th Yr. Firefighter	7.01/hr.	12.74/hr.	9.39/hr	10.57/hr.
Captain-10 Yrs.	7.47/hr.	15.17/hr.	N/A	11.89/hr.
Hours Worked/Yr	2912	2548	2912	2184"

Based on this study, the City concludes it compares favorably to Cities outside of Montana.

It is also the position of the City that firefighters have received wage increases greater than the increases recorded in the CPI form 1983-84 through December, 1986. With a declining CPI, the City argues it is appropriate to freeze wages for 1986-87 at the 1985-86 level.

The overall position of the City is summarized in the hearing brief as follows:

"City administrators believe that prudent fiscal decision making requires that this type of decision should not be made until August, 1987, when these financial matters come into focus. Pursuant to law, the Montana State Legislature only meets in regular session every other year for 90 days. Thus by August, 1987, it is more likely that the City will better know the full extent of its financial

losses and financial conditions. Therefore, it would be irresponsible fiscal management for the City of Missoula to precommit to any kind of wage increase for FY88.

The detrimental impacts from precommitting the City to a 3% wage increase for FY88 far outweigh the inconvenience to City Firefighters by having them agree to a wage freeze for FY87, which is more than one-half over.

The economic situation in Missoula and in Montana is very volatile and it would be unwise to precommit the City of Missoula to this type of unfunded liability at this time. We would ask the Arbitrator to rule in favor of the City of Missoula and agree with the existing wage freeze for the remainder of FY87 and not precommit the City to a wage increase that the City cannot afford to fund at this time." (Emphasis in original).

3. DISCUSSION AND FINDINGS

Regarding the factor of comparability, the Arbitrator concludes the Union's approach of comparing base monthly wages is most appropriate for four reasons. First, firefighters are not paid on an hourly basis. None of the jurisdictions cited by the City compensate firefighters on an hourly basis so the City is presenting a salary figure to the Arbitrator that does not exist. Firefighters are compensated on a monthly basis and therefore wages should be compared on a monthly basis.

Second, the City has lumped into its hourly compensation figure base salary, longevity, annual clothing allowance, insurance premiums and divided by the total number of hours worked. This type of computation yields a misleading figure. The level of insurance benefits and costs of securing medical care can be quite different from city to city so the insurance figure can distort the hourly wage computation. Premium pay for such things as EMT certification and operator pay was left out of

the calculations by the City. Premium pay can provide significant economic benefits to firefighters which were not reflected in the City's average hourly compensation figures.

Third, the use of average hourly pay comparison used by the City is not one that is accepted or traditionally employed when comparing the pay among different employee groups. Without some form of validation, the Arbitrator was not inclined to give the average hourly compensation figures presented by the City much weight.

Fourth, selecting three cities from outside the State of Montana without establishing a solid basis of comparability yields little helpful information. The sample of three cities is too small. Neither were the cities selected by the City shown to be ones which Missoula has traditionally compared itself to. While there is nothing inherently wrong about using jurisdictions outside of Montana, the lack of an adequate showing of comparability compels this Arbitrator to give the greater weight to the Montana cities evidenced in this record.

The Arbitrator wants to note that in coming to an award on wages, the overall compensation received by firefighters is a legitimate consideration. However, I was not persuaded that the City's "average hourly wage" for firefighters provided a meaningful and accurate comparison.

A review of the benefits provided to the members of this unit reveals that Missoula firefighters compare favorably with other Montana firefighters. The longevity program is

superior to other Montana cities. However, the members of this unit receive no EMT certification pay or premium pay for operating the vehicles. The insurance program is comprehensive and in line with the comparable jurisdictions. Hence, it must be the conclusion of the Arbitrator that Missoula firefighters enjoy in addition to the base wage rate a level of benefits that is reasonable and comparable to that of other firefighters in the first class cities in Montana.

At the confirmed firefighter classification the average salary of the seven Montana cities is \$1,689 per month. The Missoula firefighter is paid \$102 per month below the average at a salary of \$1,587. Five other cities pay an average salary of \$1,801 at the firefighter first class range as compared to \$1,666 in Missoula. This is a difference of \$135 per month. (Union Ex. L). The difference between the Missoula wage and the average wage in both of these classifications is significant. In addition, the Missoula confirmed firefighter rate is \$174 per month behind the highest salary paid in Butte/Silverbow.

Adoption of the 3% increase proposed by the Union will still leave the confirmed firefighter \$47 below the average confirmed firefighter pay rate. The firefighter first class pay will still be \$77 below the average. However, in both classifications the salary ranking will move from the bottom of the comparison jurisdictions to the middle range. (Union Ex. L, p. 2). This basic comparison when reviewed in conjunction with all of the Union's comparison data compels a conclusion that a 3%

raise effective June 16, 1987 is not excessive when measured against the comparability factors.

The City relied extensively on the argument that the firefighters should take a freeze because all other City employees agreed to a wage freeze. In answer to this argument, the Arbitrator notes that firefighters are proposing a wage freeze for approximately one year. Pursuant to the Union's proposal the increase will not take effect until June 16, 1987. Further, there is no evidence in this record that other City employees suffer the same comparability problem that was demonstrated to exist for this bargaining unit when compared to their counterparts in other Montana cities.

The City's argument that the 3% increase proposed by the firefighters translates into a cost of \$182,462 because all City employees would be entitled to a similar increase is misplaced. The City is obligated to bargain with this unit of employees. An arbitration award in favor of the Union only applies to the firefighter unit. This award in no way obligates the City to pay an equal amount to other City employees. Why other employees represented by different unions agreed to a wage freeze is their business. The agreement by other unions to a wage freeze in no manner requires this Union to agree to a wage freeze.

It is correct that a wage increase granted to one group of employees should not be one that distorts the overall pattern of settlements to the detriment of other employees in the City.

The cost of implementing the firefighter's proposal is \$6,032. An additional cost of \$6,032 does not represent a distortion of the overall compensation program of the City. The firefighter's proposal bears a relationship with the wage settlements for other employee groups because it does require a wage freeze until June 16, 1987.

Regarding the cost of living factor, it must be recalled that under the Union's proposal wages for firefighters will remain frozen from July 1, 1986, through June 16, 1987. The 3% increase applied in June, 1987 for two months will cost the City an additional .5% of the annual budget. By delaying the implementation date of the increase for a year, firefighters are not receiving the full measure of their proposed increase in 1986-76. Based on recent and projected increases in the CPI the modest increase proposed by the Union is consistent with the increases in the cost of living as recorded in the CPI.

The City relied extensively on the argument that it did not have the financial ability to pay the increase sought by the Union due to adverse economic conditions and declining revenues. In addition, the City expressed considerable concern over what the legislature "might" do as justification for freezing wages for 1986-87. Neither of these arguments presented a convincing case that the City did not have the financial ability to pay the \$6,032 wage increase proposed by the Union.

The City hired five new firefighters to staff the 39th Street station at a cost of over \$100,000. By virtue of its own

action in hiring five new firefighters at an increased cost of over \$100,000, the City undercut its own argument that it did not have the ability to pay the increase proposed by the Union. The City made a choice it was going to devote \$100,000 to hire five new firefighters rather than agree to a wage increase for its current employees. This action clearly demonstrates an unwillingness to pay rather than an inability to pay a wage increase for firefighters.

The uncertainties surrounding the legislative process and its subsequent impact on Missoula argument did not persuade the Arbitrator a total wage freeze for 1986-87 was justified. Legislative uncertainties do not establish an inability pay position. Neither did the legislative issues argument put forth by the City overshadow comparability evidence submitted by the Union which established a wage increase is warranted for this group of employees.

Pursuant to the Union proposal the firefighters will take a wage freeze for approximately one year. The 3% increase will not become effective until June 16, 1987, and extend for a period of sixty-one days under the 1986-87 contract. The public interest will not be well served by perpetuating and compounding the problems inherent in a wage level that is not competitive with the other Montana first class cities in evidence in this record.

The increase proposed by the Union will cost an additional \$6,032. This is a figure that is modest by any test

of reasonableness when costing labor contracts. Nor can it logically be argued the Union's proposal is excessive or unreasonable in light of the economic conditions in Missoula.

The Arbitrator is charged under Article XXV to select the "most reasonable offer." I have no authority to modify or change either of the best and final offers submitted by the parties. Based on all of the evidence submitted, and evaluated in light of the statutory criteria, the Arbitrator concludes the last and best offer of the Union is the most reasonable offer.

AWARD

The last and best offer of the Union on wages is ordered to be paid as follows:

"ARTICLE VI - COMPENSATION

Local 271 asks that the following changes be made in Article VI - Compensation.

WAGE INCREASE

Local 271 asks that 3.0% of the average monthly bargaining unit salary be added to Pay Grade One, Step A, and computed throughout the schedule, effective June 16, 1987."

ISSUE 2: Health Insurance

The City pays the entire premium for health, dental, and life insurance benefits. The 1986-87 contribution is \$192.20 per month, per employee. All City employees are covered by the same insurance plan. The parties have not bargained specific coverage and level of benefits in previous years of bargaining. Present contract language requires the City to "provide full paid hospital and medical insurance, including dental and office calls as agreed through the first year of the contract (through August 15, 1986)."

A Health Insurance Committee composed of representatives from all employee bargaining units exists to evaluate and make recommendations regarding health insurance. The Health Insurance Committee serves in an advisory role. The recommendations of the Health Insurance Committee are not binding on the City.

In 1982, the City changed from using a health insurance care provider to a self-insured medical and dental plan. The plan is managed by a third party administrator. The dollar amount of premium is established by the third party administrator and adopted by the City council. The dollar amount of the contribution to insurance has never been the subject of negotiation. In 1986 several cost containment features were added to the plan without bargaining with the Union.

On October 21, 1986, the parties entered into a Memorandum of Agreement which stated:

"Local 271 and City, in conjunction with the Health Committee, agree to meet and establish through mutual agreement a set of policies and procedures under which the Health Insurance Committee will exist and operate. Such policies and procedures shall include, but not be limited to, the following:

- (a) structure of the committee,
- (b) representation,
- (c) committee's responsibility,
- (d) authority of committee members,
- (e) City and Union's obligation to bargain recommended changes in health insurance."

(City Ex. BB).

1. Union's Last and Best Offer

"Section 1. City agrees to provide fully paid hospital and medical insurance, including dental and office calls as agreed.

Local 271 agrees to the specific provisions of the City's Group Health and Dental Insurance, including cost containment measures as proposed by the City effective August 1, 1986.

City and Local 271 agree to carry out the Memorandum of Agreement on development of policies and procedures for the City's Health Insurance Committee (dated October 21, 1986).

City and Local 271 agree to review the financial status of the City's self insurance pool on a quarterly basis with the third party insurance administrators, Intermountain Administrators. City and Local 271 also agree to review the final report of the third party insurance administrators within ten (10) days of City's receipt of that report.

Section 3. Local 271 shall appoint one (1) bargaining unit member to the Missoula City Health Insurance Committee. It shall be the employer's duty to notify Local 271 of all meetings.

It is understood that the committee member shall serve in an advisory capacity only and is not considered a bargaining agent for the Local. City and Local 271 agree that changes to the costs and/or benefits of the health insurance shall be the subject of negotiation and the mediation and arbitration procedures as outlined in this contract."

2. City's Last and Best Offer

"ART. VIII HEALTH AND DENTAL INSURANCE.
The City proposes that the health and dental benefits, including the cost containment features effective August 1, 1986, be provided to the City Firefighters with the City paying the full monthly premium as shown on Appendix B of the current contract with the following addition:

Addition to Section 3, paragraph 2, Appendix B, Health and Dental Insurance: City and Local 271 agree to carry out the Memorandum of Agreement dated October 21, 1986."

3. DISCUSSION AND FINDINGS

The current contract will expire on August 14, 1987. This is a period of approximately six months from the date this award will be issued. Under the Union's proposal, the parties could be immediately placed right back in the situation of negotiating insurance benefits for the 1986-87 contract year. There is no merit in adopting a proposal which would require the parties to bargain over 1986-87 changes in insurance benefits at this late point in time.

The Union's proposal on the health insurance area was precipitated by the City's unilateral imposition of cost containment measures in 1986. There is no evidence that any member of this unit suffered a loss in coverage or increase in

out-of-pocket expenses as the result of the adoption of the cost containment measures. The fact that changes did not work to the detriment of firefighters argues against any immediate change in current contract language on insurance coverage.

Moreover, the October 21, 1986, Memorandum of Agreement set forth an understanding of a process to establish the policies and procedures under which the Health Insurance Committee will exist and operate. No evidence exists in this record that the parties have utilized this recently agreed to procedure. (City Ex. BB). It would be premature to add another obligation at this point in the relationship without having attempted to use the old procedure.

The goal of the City to keep one insurance plan for all City employees is understandable. Further, the Arbitrator understands the position of the City that it wishes to avoid negotiating a separate insurance program with this unit which might jeopardize the entire City insurance plan. However, the City must recognize that insurance coverage and benefits have long been recognized as a mandatory subject for bargaining because they pertain to wages. The fact the parties have not bargained over coverage and benefit levels in the past certainly does not prevent bargaining over benefits and coverages in the future. The City has the obligation to bargain with this unit of employees. The City cannot escape its legal obligation to bargain with I.A.F.F. Local 271 on the grounds it wants to .

maintain one insurance program for all City employees no matter how desirable that end might be.

Because this arbitration arises out of a limited re-opener on wages and insurance, I am not persuaded to adopt the proposal of the Union which has the potential to call for substantial changes in the way insurance is provided under the current system. If bargaining is to take place in the area of insurance benefits and levels of coverage, it should take place at the time when the entire agreement is open for negotiation. Absent any evidence of a need to require bargaining on this subject at a point six months prior to the expiration of the 1985-87 contract, the Arbitrator finds the Union proposal should not become a part of the 1986-87 agreement.

The proposal of the City which maintains the status quo for the duration of the 1986-87 agreement is the most reasonable. Therefore, for all of the reasons stated the Arbitrator must find for the City on the insurance issue.

AWARD

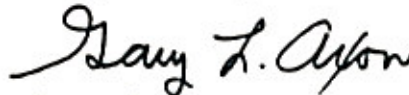
The last and best offer of the City on health insurance is awarded as follows:

"ART. VIII HEALTH AND DENTAL INSURANCE.

The City proposes that the health and dental benefits, including the cost containment features effective August 1, 1986, be provided to the City Firefighters with the City paying the full monthly premium as shown on Appendix B of the current contract with the following addition:

Addition to Section 3, paragraph 2, Appendix B, Health and Dental Insurance: City and Local 271 agree to carry out the Memorandum of Agreement dated October 21, 1986."

Respectfully submitted,



Gary L. Axon
Arbitrator

Dated: March 17, 1987